

Message Text

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67

ACTION ARA-10

INFO OCT-01 EUR-12 ISO-00 AID-05 CIAE-00 COME-00 EB-07

FRB-01 INR-07 NSAE-00 USIA-15 TRSE-00 XMB-04 OPIC-06

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FM AMEMBASSY KINGSTON

TO SECSTATE WASHDC 7926

INFO AMEMBASSY LONDON

AMEMBASSY PORT OF SPAIN

UNCLAS KINGSTON 2194

E.O. 11652: N/A

TAGS: EFIN, JM

SUBJECT: JAMAICA OBTAINS US\$38 MILLION EURODOLLAR LOAN

REF: KINGSTON 2106

1. ON JUNE 4, DAVID COORE, MINISTER OF FINANCE ANNOUNCED IN LONDON THE SIGNING OF A LOAN AGREEMENT FOR US\$38 MILLION TO BE PROVIDED BY CONSORTIUM OF 20 COMMERCIAL FINANCIAL INSTITUTIONS. THIS CONSORTIUM WAS LED BY FIRST CHICAGO LIMITED WHICH WILL ACT AS AGENT BANK, AND FIRST CHICAGO MERCHANT BANK (JAMAICA) LTD., BOTH OF WHICH UNDERTOOK TO FORM THE SYNDICATE TO PROVIDE THE FUNDS.

2. PROCEEDS OF THE LOAN WILL BE USED FOR CAPITAL EXPENDITURES IN AGRICULTURE AND FORESTRY DEVELOPMENT, EXTENSION OF JAMAICA'S TWO INTERNATIONAL AIRPORTS, CONSTRUCTION AND IMPROVEMENT OF ARTERIAL AND SECONDARY ROADS, DOMESTIC WATER SUPPLIES AND OTHER PUBLIC WORKS.

3. TERMS OF THE LOAN INCLUDE A GRACE PERIOD OF TWO YEARS FROM THE DATE OF SIGNATURE OF THE AGREEMENT FOLLOWED BY RE-
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PAYMENT IN SEVEN EQUAL SEMI-ANNUAL INSTALLMENTS ENDING ON

THE 5TH ANNIVERSARY OF THE DATE OF THE SIGNATURE.

4. INTEREST WILL AT A RATE OF $1 \frac{7}{8}$ PERCENT PER ANNUM ABOVE LONDON INTERBANK OFFERED RATE (LIBRO) FOR THREE OR SIX-MONTH DEPOSITS OF U.S. DOLLARS DURING THE GRACE PERIOD; THEREAFTER AT A RATE OF 2 PERCENT ABOVE LIBOR. (NOTE: AS OF JUNE 6, THE LIBOR RATE FOR EURO-DOLLARS FOR SIX MONTH DEPOSITS WAS $7 \frac{1}{16}$ PERCENT. IN PAST FEW MONTHS, THIS RATE HAS FLUCTUATED BETWEEN $7 \frac{1}{16}$ PERCENT - $7 \frac{5}{16}$ PERCENT). A COMMITMENT FEE OF $\frac{3}{4}$ PERCENT OF ONE PERCENT IS PAYABLE ON THE UNDRAWN PORTION OF THE LOAN.

5. SUBJECT LOAN REPRESENTS SECOND PLACEMENT OUTSIDE OF LOCAL REGISTERED STOCK ISSUES WHICH THE GOJ HAS MADE DURING THE 1975-6 FINANCIAL YEAR. THE FIRST, A \$22 MILLION LOAN FROM 9 LOCAL COMMERCIAL BANKS SPECIFICALLY FOR AGRICULTURAL DEVELOPMENT, WAS ANNOUNCED ON MAY 30.
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Message Attributes

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Margaret P. Grafeld
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